



0000075284

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

Arizona Corporation Commission

DOCKETED

JUL 18 2007

DOCKETED BY	nr
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In the matter of:

PERRY and TERRY PENNY, husband and wife,  
Gilbert, Arizona

PENNY FINANCIAL, INC., a Michigan corporation,  
Gilbert, Arizona

PENNY PROPERTIES, INC., a Michigan corporation,  
Gilbert, Arizona

RYM TECHNOLOGY HOLDINGS, L.L.C., a Michigan limited liability company,  
Birmingham, MI

FELIX L. DANIEL SR. and JANE DOE DANIEL, husband and wife,  
Birmingham, MI

PENNY RESPONDENTS.

DOCKET NO. S-20509A-07-0043

DECISION NO. 69705

**ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME  
BY: PERRY PENNY, TERRY PENNY, PENNY FINANCIAL, INC. AND PENNY PROPERTIES, INC.**

PERRY PENNY, TERRY PENNY, PENNY FINANCIAL, INC., PENNY PROPERTIES, INC. ("PENNY RESPONDENTS") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist Order To Cease And Desist, Order Of Restitution, Order For Administrative Penalties And Consent To Same ("Order"). PENNY RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other administrative proceeding before the

Commission or any other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

**I.  
FINDINGS OF FACT**

1. PERRY PENNY resides in Gilbert, Arizona and was at all relevant times an incorporator of PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC., two Michigan corporations. PERRY PENNY is married to TERRY PENNY.

2. TERRY PENNY resides in Gilbert, Arizona and was at all relevant times an incorporator of PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC., two Michigan corporations. TERRY PENNY is married to PERRY PENNY.

3. PENNY FINANCIAL, INC. ("PENNY FINANCIAL") has been a Michigan corporation since 2004. PERRY and TERRY PENNY were the incorporators of PENNY FINANCIAL. PENNY FINANCIAL has not filed for authority to conduct business in Arizona through the Arizona Corporation Commission, Corporations Division.

4. PENNY PROPERTIES, INC. ("PENNY PROPERTIES") has been a Michigan corporation since 2003. PERRY and TERRY PENNY were the incorporators of PENNY PROPERTIES. PENNY PROPERTIES has not filed for authority to conduct business in Arizona through the Arizona Corporation Commission, Corporations Division.

5. PERRY PENNY, TERRY PENNY, PENNY FINANCIAL and PENNY PROPERTIES herein after are known as "PENNY RESPONDENTS".

6. From about 2006, PENNY RESPONDENTS offered or sold securities in the form of notes and/or investment contracts, within or from Arizona, to one Minnesota investor. The PENNY RESPONDENTS offered the investment opportunity to at least two other individuals one of whom was an Arizona resident. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

7. PENNY RESPONDENTS offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

1           8.       Both PENNY FINANCIAL AND PENNY PROPERTIES had websites that offered  
2 the notes and/or investment contracts to the general public.

3           9.       The program offered and sold by the PENNY RESPONDENTS is entitled the "5  
4 Years to Freedom Program" ("5 Year Program"). The 5 Year Program is a program that allows  
5 an investor the opportunity of owning their property "free and clear in only 5 years." According to  
6 the PENNY RESPONDENTS, the 5 Years to Freedom Program helps home owners become debt  
7 free in a few years.

8           10.      According to the PENNY RESPONDENTS' websites and representations, to  
9 become debt free in a short period of time, the investors invest 25% - 45% of the equity in their  
10 homes. The funds are then sent to the PERRYYS in two checks; one check is 2% of the mortgage  
11 amount payable to the PERRYYS for their commission and the second check is payable to RYM  
12 TECHNOLOGY HOLDINGS, L.L.C. ("RYM") for the amount of the investment.

13          11.      The one known investor invested \$41,000 in the program paying a commission to  
14 the PENNY RESPONDENTS' in the amount of \$3,280.

15          12.      Once there was an agreement to invest, the investor received investment  
16 documentation from RYM that included a "Self-Amortizing Conditional Payment Note" ("Note")  
17 and a "Property Maintenance Terms and Conditions Agreement" ("Property Agreement"). The Note  
18 was executed by FELIX L. DANIEL ("DANIEL"), on behalf of RYM.

19          13.      The offerees and investor were given offering documents stating that their funds will  
20 be invested by a reputable investment firm, with a guaranteed return on investment. The offering  
21 documents state that the investment funds are placed "in an account that generates large profits" and  
22 "there is no involvement with risky investments."

23          14.      PENNY RESPONDENTS represented to offerees that their investments will be  
24 invested in new developments, condo conversions and in the international trade market. In fact, the  
25 PENNY RESPONDENTS stated to at least one offeree that RYM has a contract with FEMA for  
26

1 some new development in New Orleans. They further represented to the same offeree that RYM is  
2 doing condo conversions in the Mediterranean.

3 15. It was represented to the offerees and investor that the investments made by the  
4 RESONDENTS to cover the costs of the 5 Year Program were invested in an account that generates  
5 large profits with limited risks. Further, the offerees and investor are informed that the investments  
6 that would be made with their funds would be similar to those in which insurance companies invest.

7 16. The offerees were told that RYM will double the investors' money within six months  
8 by investing in condominium conversions. If RYM invested in the international markets, RYM  
9 would earn 15 to 20 percent return per week.

10 17. PENNY RESPONDENTS provided offering documentation to offerees, through the  
11 internet, representing once the investment is made, the first six months of mortgage payments will  
12 be paid, then the investor will receive half of their mortgage payments for the term of the Note (four,  
13 five or six years). Upon maturity of the Note, the investor will receive a balloon payment that the  
14 investor can use to pay off their mortgage. The offerees and investor were told that the cost of the 5  
15 Year Program, plus interest is "fully guaranteed." In fact, the PENNY RESPONDENTS have  
16 represented to at least one offeree that this program is guaranteed and low risk.

17 18. On October 29, 2006, the Enforcement Director for the Utah Division of Securities  
18 of the Department of Commerce contacted TERRY PENNY and informed her that the "5 Years to  
19 Freedom" program was a security and that the PENNY RESPONDENTS needed to be licensed to  
20 offer and sell the program. TERRY PENNY responded that she did not believe the program was a  
21 security. TERRY PENNY indicated that all the PENNY RESPONDENTS did was market the  
22 program and qualify the clients. The notes were signed by DANIEL on behalf of RYM. TERRY  
23 PENNY was informed that she needed to be licensed as a securities salesman and she should contact  
24 the Securities Division of the Arizona Corporation.

1           19.     The PENNYS represented to an offeree that they had investors in California,  
2 Michigan and Minnesota. The PENNYS further stated that they were working with individuals in  
3 Arizona but do not have any investors in Arizona.

4           20.     Despite the conversation with the Utah Securities Division, the PENNY  
5 RESPONDENTS continued to represent to offerees that their investment programs were not  
6 securities and did not need to be registered. The PENNY RESPONDENTS' websites continued to  
7 solicit investors asserting that the investment programs were not securities.

8           21.     PENNY RESPONDENTS failed to disclose the risk involved with the 5 Years to  
9 Freedom Program and in fact, represent the program has little or no risk.

10          22.     PENNY RESPONDENTS misrepresented to offerees that RYM would invest the  
11 investment funds and receive 15 to 20 percent return per week.

12          23.     PENNY RESPONDENTS misrepresented that the investment program is guaranteed  
13 when in fact the note signed by the investor and RYM indicate that there is no guarantee of  
14 performance.

15                               **II.**  
                              **CONCLUSIONS OF LAW**

16          1.     The Commission has jurisdiction over this matter pursuant to Article XV of the  
17 Arizona Constitution and the Securities Act.

18          2.     PENNY RESPONDENTS offered or sold securities within or from Arizona, within  
19 the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

20          3.     PENNY RESPONDENTS violated A.R.S. § 44-1841 by offering or selling  
21 securities that were neither registered nor exempt from registration.

22          4.     PENNY RESPONDENTS violated A.R.S. § 44-1842 by offering or selling  
23 securities while neither registered as dealers or salesmen nor exempt from registration.

24          5.     PENNY RESPONDENTS violated A.R.S. § 44-1991 by (a) employing a device,  
25 scheme or artifice to defraud, (b) making untrue statements or misleading omissions of material  
26

1 facts, and (c) engaging in transactions, practices or courses of business which operate or would  
2 operate as a fraud or deceit.

3 6. PENNY RESPONDENTS' conduct is grounds for a cease and desist order pursuant  
4 to A.R.S. § 44-2032.

5 7. PENNY RESPONDENTS' conduct is grounds for an order of restitution pursuant  
6 to A.R.S. § 44-2032.

7 8. PENNY RESPONDENTS' conduct is grounds for administrative penalties under  
8 A.R.S. § 44-2036.

9 **III.**  
**ORDER**

10 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and PENNY  
11 RESPONDENTS' consent to the entry of this Order, attached and incorporated by reference, the  
12 Commission finds that the following relief is appropriate, in the public interest, and necessary for  
13 the protection of investor:

14 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that PENNY RESPONDENTS, and any  
15 of PENNY RESPONDENTS' agents, employees, successors and assigns, permanently cease and  
16 desist from violating the Securities Act. PENNY RESPONDENTS shall not sell any securities in  
17 or from Arizona without being registered in Arizona as dealers or salesmen, or exempt from such  
18 registration. PENNY RESPONDENTS shall not sell securities in or from Arizona unless the  
19 securities are registered in Arizona or exempt from registration.

20 IT IS FURTHER ORDERED that PENNY RESPONDENTS comply with the attached  
21 Consent to Entry of Order.

22 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that PENNY  
23 RESPONDENTS shall pay restitution to the Commission in the amount of \$3,280.00. Any amount  
24 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid  
25 in full. Payment, including interest, shall be made in installments as follows: \$100.00 on the date  
26 of this Order; \$1,700.00 due or before the 1<sup>st</sup> day of November, 2007; \$1,708.62 due on or before

1 the 1<sup>st</sup> day of July, 2008. Payment shall be made to the "State of Arizona" to be placed in an  
2 interest-bearing account maintained and controlled by the Commission. The Commission shall  
3 disburse the funds to the investor shown on the records of the Commission. Any funds that the  
4 Commission determines it is unable to or cannot feasibly disburse shall be transferred to the  
5 general fund of the state of Arizona.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that PENNY  
7 RESPONDENTS shall pay an administrative penalty in the amount of \$1,000.00. Payment shall  
8 be made in installments as follows: \$1,000.00 to the "State of Arizona" on August 1, 2008. Any  
9 amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order  
10 until paid in full. The payment obligations for these administrative penalties shall be subordinate  
11 to any restitution obligations ordered herein and shall become immediately due and payable only  
12 after restitution payments have been paid in full or upon PENNY RESPONDENTS' default with  
13 respect of PENNY RESPONDENTS' restitution obligations.

14 For purposes of this Order, a bankruptcy filing by any of the PENNY RESPONDENTS  
15 shall be an act of default. If any PENNY RESPONDENT does not comply with this Order, any  
16 outstanding balance may be deemed in default and shall be immediately due and payable.

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IT IS FURTHER ORDERED, that if any PENNY RESPONDENT fails to comply with this order, the Commission may bring further legal proceedings against that PENNY RESPONDENT, including an application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

*Lance Williams*

CHAIRMAN

*William Wells*

COMMISSIONER

*Jeffrey Hatch-Miller*

COMMISSIONER

*R. M. [Signature]*

COMMISSIONER

*Gary L. [Signature]*

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this 18<sup>th</sup> day of  
July, 2007.

*[Signature]*  
BRIAN C. McNEIL  
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

(wlc)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents PERRY AND TERRY PENNY, individuals, admit the jurisdiction of  
3 the Commission over the subject matter of this proceeding. Respondents PERRY AND TERRY  
4 PENNY acknowledge that they have been fully advised of their right to a hearing to present  
5 evidence and call witnesses and Respondents PERRY AND TERRY PENNY knowingly and  
6 voluntarily waive any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
8 Administrative Code. Respondents PERRY AND TERRY PENNY acknowledge that this Order  
9 To Cease And Desist Order To Cease And Desist, Order Of Restitution, Order For Administrative  
10 Penalties And Consent To Same ("Order") constitutes a valid final order of the Commission.

11           2.       Respondents PERRY AND TERRY PENNY knowingly and voluntarily waive any  
12 right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal,  
13 or extraordinary relief resulting from the entry of this Order.

14           3.       Respondents PERRY AND TERRY PENNY acknowledge and agree that this Order  
15 is entered into freely and voluntarily and that no promise was made or coercion used to induce  
16 such entry.

17           4.       Respondents PERRY AND TERRY PENNY have reviewed this Order with, and  
18 understand and acknowledge that they have a right to seek counsel regarding this Order, and that  
19 they have had the opportunity to seek counsel prior to signing this Order. Respondents PERRY  
20 AND TERRY PENNY acknowledge and agree that, despite the foregoing, they freely and  
21 voluntarily waive any and all right to consult or obtain counsel prior to signing this Order.

22           5.       Respondents PERRY AND TERRY PENNY admit only for purposes of this  
23 proceeding and any other administrative proceeding before the Commission or any other agency of  
24 the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order.  
25 Respondents PERRY AND TERRY PENNY agree that they shall not contest the validity of the  
26 Findings of Fact and Conclusions of Law contained in this Order in any present or future

1 administrative proceeding before the Commission or any other state agency concerning the denial  
2 or issuance of any license or registration required by the State to engage in the practice of any  
3 business or profession.

4 6. By consenting to the entry of this Order, Respondents PERRY AND TERRY  
5 PENNY agree not to take any action or to make, or permit to be made, any public statement  
6 denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating  
7 the impression that this Order is without factual basis. Respondents PERRY AND TERRY  
8 PENNY will undertake steps necessary to assure that all of their agents and employees understand  
9 and comply with this agreement.

10 7. While this Order settles this administrative matter between Respondents PERRY  
11 AND TERRY PENNY and the Commission, Respondents PERRY AND TERRY PENNY  
12 understand that this Order does not preclude the Commission from instituting other administrative  
13 or civil proceedings based on violations that are not addressed by this Order.

14 8. Respondents PERRY AND TERRY PENNY understand that this Order does not  
15 preclude the Commission from referring this matter to any governmental agency for  
16 administrative, civil, or criminal proceedings that may be related to the matters addressed by this  
17 Order.

18 9. Respondents PERRY AND TERRY PENNY understand that this Order does not  
19 preclude any other agency or officer of the state of Arizona or its subdivisions from instituting  
20 administrative, civil, or criminal proceedings that may be related to matters addressed by this  
21 Order.

22 10. Respondents PERRY AND TERRY PENNY agree that they will not apply to the  
23 state of Arizona for registration as a securities dealer or salesman or for licensure as an investment  
24 adviser or investment adviser representative until such time as all restitution and penalties under  
25 this Order are paid in full.  
26

1           11. Respondents PERRY AND TERRY PENNY agree that they will not exercise any  
2 control over any entity that offers or sells securities or provides investment advisory services  
3 within or from Arizona until such time as all restitution and penalties under this Order are paid in  
4 full.

5           12. Respondents PERRY AND TERRY PENNY agree that they will not sell any  
6 securities in or from Arizona without being properly registered in Arizona as a dealer or salesman,  
7 or exempt from such registration; they will not sell any securities in or from Arizona unless the  
8 securities are registered in Arizona or exempt from registration; and they will not transact business  
9 in Arizona as an investment adviser or an investment adviser representative unless properly  
10 licensed in Arizona or exempt from licensure.

11           13. Respondents PERRY AND TERRY PENNY agree that they will continue to  
12 cooperate with the Securities Division including, but not limited to, providing complete and  
13 accurate testimony at any hearing in this matter and cooperating with the state of Arizona in any  
14 related investigation or any other matters arising from the activities described in this Order.

15           14. Respondents PERRY AND TERRY PENNY acknowledge that any restitution or  
16 penalties imposed by this Order are obligations of their marital community.

17           15. Respondents PERRY AND TERRY PENNY consent to the entry of this Order and  
18 agree to be fully bound by its terms and conditions.

19           16. Respondents PERRY AND TERRY PENNY acknowledge and understand that if  
20 they fail to comply with the provisions of the order and this consent, the Commission may bring  
21 further legal proceedings against them, including application to the superior court for an order of  
22 contempt.

23           17. Respondents PERRY AND TERRY PENNY understand that default shall render  
24 them liable to the Commission for its costs of collection and interest at the maximum legal rate.

25 ...  
26

18. Respondents PERRY AND TERRY PENNY agree and understand that if they fail to make any payments as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondents PERRY AND TERRY PENNY agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by Commission.

Perry Penny  
Respondent PERRY PENNY

Terry Penny  
Respondent TERRY PENNY

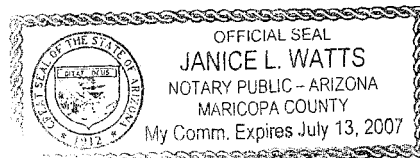
STATE OF ARIZONA )  
County of Maricopa ) ss

SUBSCRIBED AND SWORN TO BEFORE me this 16<sup>th</sup> day of May, 2007.

Janice L. Watts  
NOTARY PUBLIC

My Commission Expires:

July 13, 2007



**CONSENT TO ENTRY OF ORDER**

1  
2 1. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC., both Michigan  
3 corporation, admit the jurisdiction of the Commission over the subject matter of this proceeding.  
4 PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. acknowledge that they have been  
5 fully advised of their right to a hearing to present evidence and call witnesses and PENNY  
6 FINANCIAL, INC. and PENNY PROPERTIES, INC. knowingly and voluntarily waive any and  
7 all rights to a hearing before the Commission and all other rights otherwise available under Article  
8 11 of the Securities Act and Title 14 of the Arizona Administrative Code. PENNY FINANCIAL,  
9 INC. and PENNY PROPERTIES, INC. acknowledge that this Order To Cease And Desist Order  
10 To Cease And Desist, Order Of Restitution, Order For Administrative Penalties And Consent To  
11 Same ("Order") constitutes a valid final order of the Commission.

12 2. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. knowingly and  
13 voluntarily waive any right under Article 12 of the Securities Act to judicial review by any court  
14 by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

15 3. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. acknowledge and  
16 agree that this Order is entered into freely and voluntarily and that no promise was made or  
17 coercion used to induce such entry.

18 4. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. have reviewed this  
19 Order with, and understand and acknowledge that they have a right to seek counsel regarding this  
20 Order, and that they have had the opportunity to seek counsel prior to signing this Order. PENNY  
21 FINANCIAL, INC. and PENNY PROPERTIES, INC. acknowledge and agree that, despite the  
22 foregoing, they freely and voluntarily waive any and all right to consult or obtain counsel prior to  
23 signing this Order.

24 5. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. admit only for  
25 purposes of this proceeding and any other administrative proceeding before the Commission or any  
26 other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this

1 Order. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. agree that they shall not  
2 contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any  
3 present or future administrative proceeding before the Commission or any other state agency  
4 concerning the denial or issuance of any license or registration required by the State to engage in  
5 the practice of any business or profession.

6 6. By consenting to the entry of this Order, PENNY FINANCIAL, INC. and PENNY  
7 PROPERTIES, INC. agree not to take any action or to make, or permit to be made, any public  
8 statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order  
9 or creating the impression that this Order is without factual basis. PENNY FINANCIAL, INC.  
10 and PENNY PROPERTIES, INC. will undertake steps necessary to assure that all of its agents and  
11 employees understand and comply with this agreement.

12 7. While this Order settles this administrative matter between PENNY FINANCIAL,  
13 INC. and PENNY PROPERTIES, INC. and the Commission, PENNY FINANCIAL, INC. and  
14 PENNY PROPERTIES, INC. understand that this Order does not preclude the Commission from  
15 instituting other administrative or civil proceedings based on violations that are not addressed by  
16 this Order.

17 8. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. understand that this  
18 Order does not preclude the Commission from referring this matter to any governmental agency  
19 for administrative, civil, or criminal proceedings that may be related to the matters addressed by  
20 this Order.

21 9. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. understand that this  
22 Order does not preclude any other agency or officer of the state of Arizona or its subdivisions from  
23 instituting administrative, civil, or criminal proceedings that may be related to matters addressed  
24 by this Order.

25 10. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. agree that they will  
26 not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure

1 as an investment adviser until such time as all restitution and penalties under this Order are paid in  
2 full.

3 11. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. agree that they will  
4 not exercise any control over any entity that offers or sells securities or provides investment  
5 advisory services within or from Arizona until such time as all restitution and penalties under this  
6 Order are paid in full.

7 12. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. agree that they will  
8 not sell any securities in or from Arizona without being properly registered in Arizona as a dealer,  
9 or exempt from such registration; they will not sell any securities in or from Arizona unless the  
10 securities are registered in Arizona or exempt from registration; and they will not transact business  
11 in Arizona as an investment adviser unless properly licensed in Arizona or exempt from licensure.

12 13. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. consent to the entry  
13 of this Order and agree to be fully bound by its terms and conditions.

14 14. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. acknowledge and  
15 understand that if they fail to comply with the provisions of the order and this consent, the  
16 Commission may bring further legal proceedings against them, including application to the  
17 superior court for an order of contempt.

18 15. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. understand that  
19 default shall render them liable to the Commission for its costs of collection and interest at the  
20 maximum legal rate.

21 16. PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. agree and  
22 understand that if they fail to make any payment as required in the Order, any outstanding balance  
23 shall be in default and shall be immediately due and payable without notice or demand. PENNY  
24 FINANCIAL, INC. and PENNY PROPERTIES, INC. agree and understand that acceptance of any  
25 partial or late payment by the Commission is not a waiver of default by Commission.  
26

17. PERRY PENNY and TERRY PENNY represent that they are sole officers and directors of PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. and have been authorized by name of PENNY FINANCIAL, INC. and PENNY PROPERTIES, INC. to enter into this Order for and on behalf of them.

PENNY FINANCIAL, INC.



By Terry L. Penny

Its Vice President

PENNY PROPERTIES, INC.

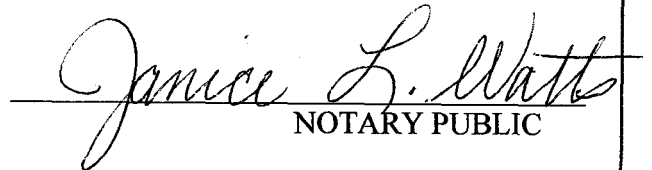


By Terry L. Penny

Its Vice President

STATE OF ARIZONA )  
County of *Maricopa* ) ss

SUBSCRIBED AND SWORN TO BEFORE me this 16th day of May, 2007.

  
NOTARY PUBLIC

My Commission Expires:

July 13, 2007

